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November 2010

**Subject: Drinking Water State Revolving Fund Project Priority List Applications for Federal Fiscal Year 2012**

Dear Public Water System Official:

The Drinking Water State Revolving Fund (DWSRF) provides financing to public water systems for infrastructure improvements needed for compliance with the Safe Drinking Water Act and to protect the public health. The Rhode Island Department of Health Office of Drinking Water Quality (HEALTH) is designated as the primacy agency for the Safe Drinking Water Act and is the regulatory partner of the Clean Water Finance Agency for the Drinking Water State Revolving Loan Fund. HEALTH is responsible for establishing assistance priorities; assisting in the development of the Intended Use Plan; establishing project priority lists; determining project eligibility; performing project technical review; monitoring construction; and determining and implementation of the set-asides programs.

HEALTH is currently accepting Project Priority List Applications (application enclosed<sup>1</sup>) for drinking water projects to be placed on the Federal Fiscal Year 2012 (October 1, 2011 – September 30, 2012) Project Priority list. **The deadline for submission of the Project Priority List Applications for FY 2012 is February 28, 2011**

In addition to the submission of traditional drinking water infrastructure projects, the EPA is requiring the use of 20% of the DWSRF 2010 Cap Grant to be utilized for the Green Project Reserve (GPR). The GPR sets a new precedent for the DWSRF by targeting funding towards projects that State's may not have funded in prior years. GPR may be used for planning, design and/or building activities. Entire projects or the appropriate discrete components of projects may be eligible for GPR. Projects do not have to be part of a larger capital project to be eligible. All projects or project components counted toward the GPR requirement must clearly advance one or more of the objectives articulated in the following four categories of GPR; Green Infrastructure, Water Efficiency, Energy Efficiency, and Environmentally Innovative<sup>2</sup>. Guidance from the EPA as to what will qualify as GPR have been organized by the four categories is found as an attachment B Drinking Water Revolving Fund 20% Green Project Reserve EPA Guidance for Determining Project Eligibility. If a proposed project is not considered as a categorically GPR then a business case must be developed and submitted for review. Enclosed please find EPA's GPR Business Case Examples for your use. For further business case development information can be found at <http://water.epa.gov/aboutow/eparecovery/index.cfm>. **Please be sure to submit your green project(s) project priority list applications by the deadline, because they may be eligible for additional subsidy yet to be determined.**

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<sup>1</sup> The Project Priority List applications have been revised. Outdated applications submitted will not be accepted.

<sup>2</sup> Source water protection projects are not eligible for RI DWSRF funding.

**Water systems utilizing greater than 50 million gallons a year** please note that a recently promulgated state law **RIGL 46-15.3-22 b)** states "All water supplier shall meter all water delivered and shall, maintain and replace meters in accordance with their management plans. Water Suppliers shall formulate and carry out a program for installation of radio frequency reading systems. These programs shall be initiated not later than December 31, 2012". The aforementioned Automatic Meter Reading (ARM) systems as required by RIGL 46-15.3-22 would qualify for the GPR.

**Special note for small systems** according to the DWSRF Regulations a minimum of 15% of the moneys available for funding project each year must go to public water systems that serve a population of less than 10,000 people. Although you may not have a million dollar project consider the use of the DWSRF as a funding source. Also if CWFA determines that your water system is considered as disadvantaged based on the ratio of your service area MHI to the State MHI, the CWFA may also award an additional subsidy to the already low interest rate of DWSRF loan.

Once all of the applications have been received, the Department will review individual projects for eligibility and assign a priority score based on the ranking system specified in the Intended Use Plan. The eligible projects and their respective information will then be listed in order of priority, highest to lowest, in a Project Priority List. Using the provisions identified in the Intended Use Plan and the amount of available funds, projects that are designated to receive funding will be identified in the Project Priority List. The complete Project Priority List will then be placed in an amended Intended Use Plan that will go out for public review and comment.

Enclosed please find a Project Priority List Application, GPR guidance, business case examples and Small Systems Flyer. Systems both big and small wishing to discuss specific details of the DWSRF Program are encouraged to contact this office at 222-7768 or contact Anna Coelho (453-4430) at the Rhode Island Clean Water Finance Agency for the financial aspects of the DWSRF.

Respectfully,

A handwritten signature in dark ink, appearing to read "Gary K. Chobanian", followed by a long horizontal flourish line extending to the right. A small number "1" is written above the signature.

Gary K. Chobanian, P.E.  
Senior Sanitary Engineer  
Office of Drinking Water Quality

Enclosures